

**THURSDAY 14 MAY 2009 - PADDY POWER PLC  
INTERIM MANAGEMENT STATEMENT / AGM TRADING UPDATE**

The Chairman of Paddy Power plc, Nigel Northridge, will make the following statement at the Company's Annual General Meeting to be held in Dublin at 11am this morning (14 May 2009):

“Despite challenging economic conditions and adverse impacts on profits from less favourable sporting results and weaker sterling, 2008 was another strong year for Paddy Power. Earnings per share grew by 10% to 140.5 cent on record pre-tax profits of €79.0m. Online operating profit increased by 34% and we added 23 new shops, including entry into the Northern Irish market with the acquisition of McGranaghan Racing.

In 2009, the Group is facing additional headwinds, as has already been reflected in market expectations. In this context, the Board is satisfied with progress and momentum in the year to date and remains comfortable with the consensus market forecast for 2009 for its existing businesses, subject, as ever, to the volatility that could arise from sporting results.

The year on year growth in sportsbook amounts staked has accelerated significantly compared to the first two months of the year. This increased growth is due to:

- business momentum, in particular as we expand our online business outside of Ireland;
- an increased level of recycling, as adverse sporting results benefited our customers; and
- the negative impact of racing cancellations in the first two months.

The other impact of the unfavourable run of sporting results is a sportsbook gross win percentage in the period below our guided range in non retail, with the telephone channel most affected.

In constant currency, non retail and retail sportsbook amounts staked have, compared to the same period last year, grown by 31% and 1% respectively in the first 19 weeks of the year to 12 May. On the same basis, gaming and machine gross win has grown by 9%. Cost management initiatives remain on track. As at 11 May 2009, the Group had no debt and cash of €6m, a position of excellent financial strength and flexibility in the current environment.

Over 70% of our operating profits in the second half of 2008 were derived from online betting and gaming, the overall market for which is projected to continue to grow well and in which we have a strong record of growing our share. In retail, we will continue to differentiate ourselves from our competitors to expand our share of the Irish market, and the UK retail market continues to present a very attractive opportunity for Paddy Power. We also have a strong pipeline of new business development opportunities and announced today the acquisition of an initial 51% stake in Sportsbet, a leading online and telephone operator in Australia. As a consequence of the momentum in the Group's existing operations and the opportunities for further expansion, the Board remains confident of the Group's prospects.”

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